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(2) Reject an unsolicited proposal that is too narrow because it does not address the potential for significant energy conservation measures from other than those measures in the proposal.

(3) After requiring a detailed energy survey, if appropriate, and determining that technical and price proposals are adequate, award a contract to a firm on a qualified contractor list under this subpart on the basis of an unsolicited proposal, provided that the Federal agency complies with the following procedures—

(i) An award may not be made to the firm submitting the unsolicited proposal unless the Federal agency first publishes a notice in the Commerce Business Daily acknowledging receipt of the proposal and inviting other firms on the qualified list to submit competing proposals.

(ii) Except for unsolicited proposals submitted in response to a published general statement of agency needs, no award based on such an unsolicited proposal may be made in instances in which the Federal agency is planning the acquisition of an energy conservation measure through an energy savings performance contract.

(c) *Certified cost or pricing data.*

(1) Energy savings performance contracts under this part are firm fixed-price contracts.

(2) Pursuant to the authority provided under section 304A(b)(1)(B) of the Federal Property and Administrative Services Act of 1949, the heads of procuring activities shall waive the requirement for submission of certified cost or pricing data. However, this does not exempt offerors from submitting information (including pricing information) required by the Federal agency to ensure the impartial and comprehensive evaluation of proposals.

[60 FR 18334, Apr. 10, 1995, as amended at 65 FR 39786, June 28, 2000]

§ 436.34 Multiyear contracts.

(a) Subject to paragraph (b) of this section, Federal agencies may enter into a multiyear energy savings performance contract for a period not to exceed 25 years, as authorized by 42 U.S.C. 8287, without funding of cancellation charges, if:

(1) The multiyear energy savings performance contract was awarded in a competitive manner using the procedures and methods established by this subpart;

(2) Funds are available and adequate for payment of the scheduled energy cost for the first fiscal year of the multiyear energy savings performance contract;

(3) Thirty days before the award of any multiyear energy savings performance contract that contains a clause setting forth a cancellation ceiling in excess of \$750,000, the head of the awarding Federal agency gives written notification of the proposed contract and the proposed cancellation ceiling for the contract to the appropriate authorizing and appropriating committees of the Congress; and

(4) Except as otherwise provided in this section, the multiyear energy savings performance contract is subject to 48 CFR part 17, subpart 17.1, including the requirement that the contracting officer establish a cancellation ceiling.

(b) Neither this subpart nor any provision of the Act requires, prior to contract award or as a condition of a contract award, that a Federal agency have appropriated funds available and adequate to pay for the total costs of an energy savings performance contract for the term of such contract.

§ 436.35 Standard terms and conditions.

(a) *Mandatory requirements.* In addition to contractual provisions otherwise required by the Act or this subpart, any energy savings performance contract shall contain clauses—

(1) Authorizing modification, replacement, or changes of equipment, at no cost to the Federal agency, with the prior approval of the contracting officer who shall consider the expected level of performance after such modification, replacement or change;

(2) Providing for the disposition of title to systems and equipment;

(3) Requiring prior approval by the contracting officer of any financing agreements (including lease-acquisitions) and amendments to such an agreement entered into after contract award for the purpose of financing the

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acquisition of energy conservation measures;

(4) Providing for an annual energy audit and identifying who shall conduct such an audit, consistent with § 436.37 of this subpart; and

(5) Providing for a guarantee of energy cost savings to the Federal agency, and establishing payment schedules reflecting such guarantee.

(b) *Third party financing.* If there is third party financing, then an energy savings performance contract may contain a clause:

(1) Permitting the financing source to perfect a security interest in the installed energy conservation measures, subject to and subordinate to the rights of the Federal agency; and

(2) Protecting the interests of a Federal agency and a financing source, by authorizing a contracting officer in appropriate circumstances to require a contractor who defaults on an energy savings performance contract or who does not cure the failure to make timely payments, to assign to the financing source, if willing and able, the contractor's rights and responsibilities under an energy savings performance contract;

§ 436.36 Conditions of payment.

(a) Any amount paid by a Federal agency pursuant to any energy savings performance contract entered into under this subpart may be paid only from funds appropriated or otherwise made available to the agency for the payment of energy expenses and related operation and maintenance expenses which would have been incurred without an energy savings performance contract. The amount the agency would have paid is equal to:

(1) The energy baseline under the energy savings performance contract (adjusted if appropriate under § 436.37), multiplied by the unit energy cost; and

(2) Any related operations and maintenance cost prior to implementation of energy conservation measures, adjusted for increases in labor and material price indices.

(b) Federal agencies may incur obligations pursuant to energy savings performance contracts to finance energy conservation measures provided guar-

anteed energy cost savings exceed the contractor's debt service requirements.

§ 436.37 Annual energy audits.

(a) After contractor implementation of energy conservation measures and annually thereafter during the contract term, an annual energy audit shall be conducted by the Federal agency or the contractor as determined by the contract. The annual energy audit shall verify the achievement of annual energy cost savings performance guarantees provided by the contractor.

(b) The energy baseline is subject to adjustment due to changes beyond the contractor's control, such as—

(1) Physical changes to building;

(2) Hours of use or occupancy;

(3) Area of conditioned space;

(4) Addition or removal of energy consuming equipment or systems;

(5) Energy consuming equipment operating conditions;

(6) Weather (i.e., cooling and heating degree days); and

(7) Utility rates.

(c) In the solicitation or in the contract, Federal agencies shall specify requirements for annual energy audits, the energy baseline, and baseline adjustment procedures.

§ 436.38 Terminating contracts.

(a) Except as otherwise provided by this subpart, termination of energy savings performance contracts shall be subject to the termination procedures of the Federal Acquisition Regulation in 48 CFR part 49.

(b) In the event an energy savings performance contract is terminated for the convenience of a Federal agency, the termination liability of the Federal agency shall not exceed the cancellation ceiling set forth in the contract, for the year in which the contract is terminated.

Subparts C—E [Reserved]

Subpart F—Guidelines for General Operations Plans

AUTHORITY: Energy Policy and Conservation Act, as amended, 42 U.S.C. 6361; Executive Order 11912, as amended, 42 FR 37523 (July 20, 1977); National Energy Conservation Policy Act, title V, part 3, 42 U.S.C. 8251 *et*